

Regional Market Report TEXAS

Green Power Marketing Conference

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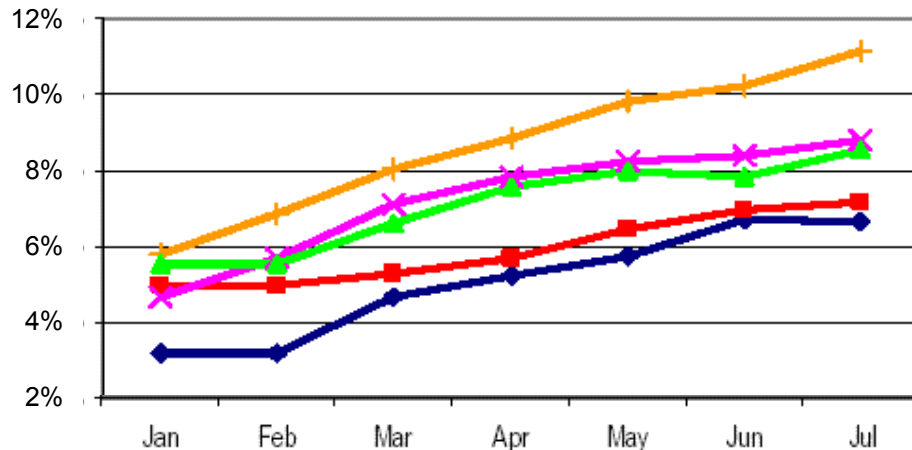


The Short Report on Texas

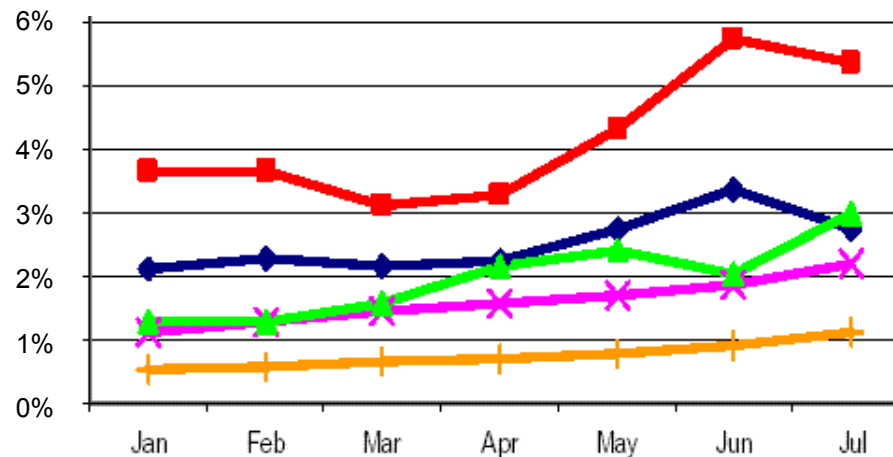
*The Green Market Works
Because the Market Works*

Texas Switching Activity (2002)

Small
Commercial

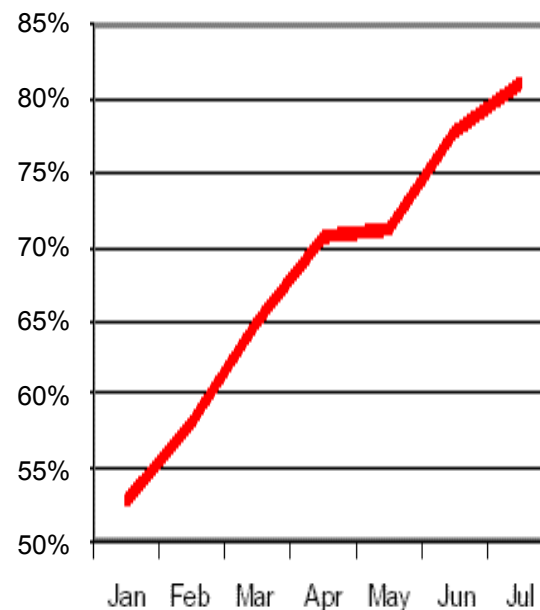


Residential



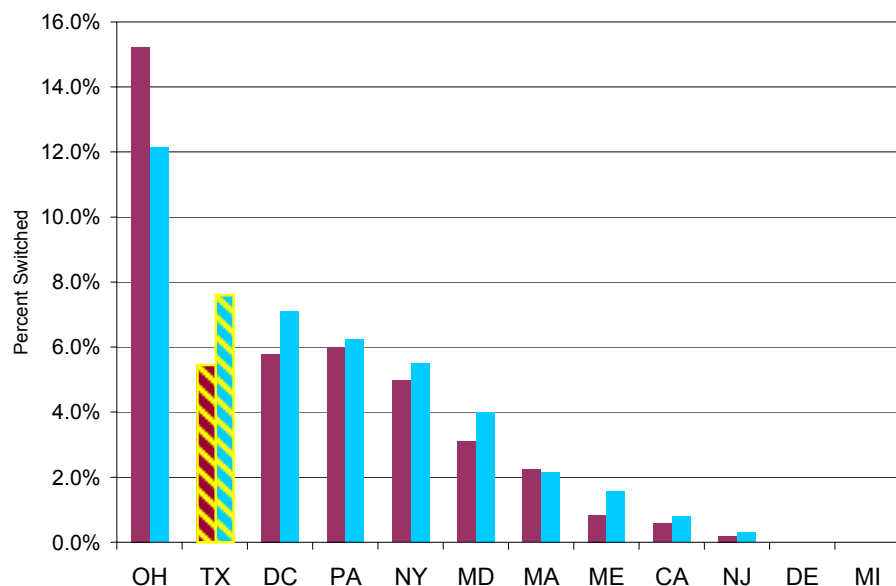
◆ Oncor (TXU) ■ Centerpoint (Reliant) + CPL (AEP) × WTU (AEP) ▲ TNMP (Texas/New Mexico Power)

Larger than 1 MW



Nationwide Switching Activity (Mid-2002)

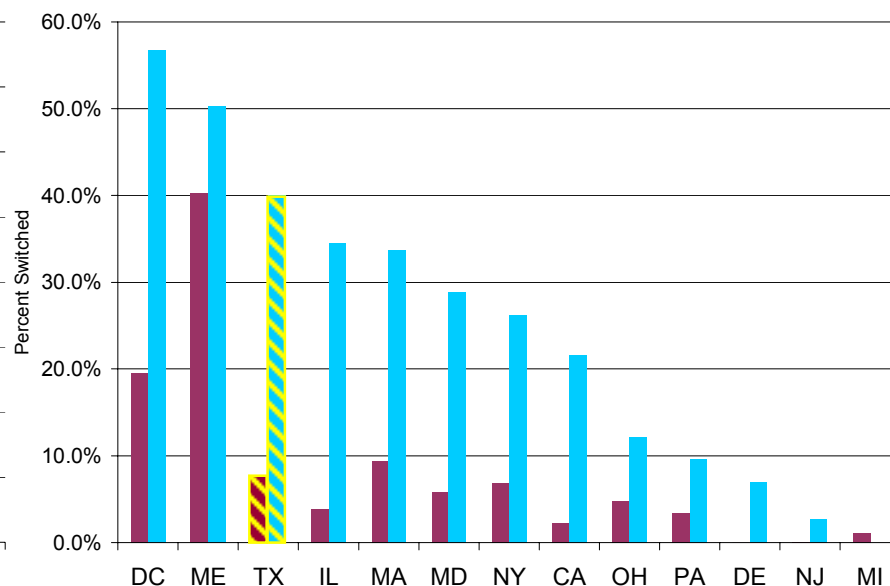
Residential



Source: Xenergy (State agencies and utilities – contact XENERGY for state specific references) Notes: Dates of data vary by state from May through August, except Ohio which is March 31, 2002; TX data are ERCOT only

■ Percent of Customers

Non-Residential



Source: Xenergy (State agencies and utilities – contact XENERGY for state specific references) Notes: Dates of data vary by state from May through August, except Ohio which is March 31, 2002; TX data are ERCOT only; Illinois data includes PPO customers

■ Percent of Load

Why the Texas Market Works

- > Fair “Price To Beat,” with adjustable fuel factor
- > “Price to Beat” offered by competitive affiliates, with incentives to shed load
- > Easy sign up process - no wet signature required
- > Uniform Business Rules within ERCOT
- > A lot of wind power!

Green Power Marketing in Texas

- > GMEC is currently the only REP actively marketing green power to residential customers
 - Our Product: 100% pollution free electricity
 - Our Price: about 5% premium to PTB
- > GMEC customers support 150MW of new wind power in Texas
- > Significant additional growth in green market and competitors expected over next year

Texas RPS is a Plus for the Green Market

- > Has spurred the development of approximately 800 MW of wind power to date
- > Established a tradable REC program
 - o Pros:
 - Eases annual compliance requirements
 - Emphasis on production, not installed capacity
 - o Cons:
 - Fairly illiquid market-annual REC auction would help
 - Wind farms located in areas with insufficient transmission

Remember

*The Green Market Works
Because the Market Works*

Questions?